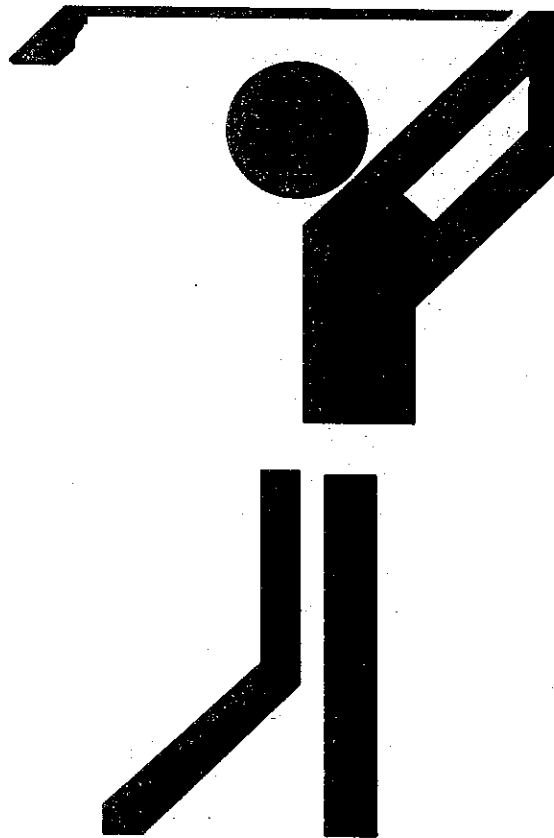


# Visitation and Review Report For

## Hillandale Golf Course

Durham, NC



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June 27, 2011

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## INTRODUCTION

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<b>CLIENT / OWNER</b>	City of Durham	<b>LOCATION</b>	Durham, NC
<b>COURSE NAME</b>	Hillandale Golf Course	<b>COURSE TYPE</b>	Public

**SCOPE** Spear Consultants was engaged by the client (s) to evaluate the demand for and market viability of a proposed or existing golf course in the stated location, and the financial feasibility of the operation of the above-proposed course (the "Evaluation").

**SOURCES** In making this Evaluation (Visitation & Review) we have assessed demand and feasibility based on available information, including:

- Overall character of the market area including demographics, accessibility, economic development and the potential for growth
- National, state, and regional trends in the golf industry
- Inventory and description of the existing golf supply
- Description of the proposed site's physical characteristics
- Inventory and description of planned golf courses
- Analysis of existing and potential golf demand within the market area

The firm relied upon available data and information from the National Golf Foundation (NGF), as well as other published sources from the following organizations: National Golf Course Owners' Association, Crittenden, Golf Course Superintendent Association (GCSAA), Professional Golf Association (PGA), United States Golf Association (USGA), Golf Course Business Consultants (GCBC), Environmental Systems Research Institute (ESRI) and other known and qualified sources.

**SUBJECTIVITY** This evaluation outlines present and future opportunities and is based on our informed judgments, relevant facts, and common sense. Spear Consultants, Ltd., and its Founder/President Doug Spear have over forty-five years of experience performing evaluations of golf projects. The firm has a detailed database of information pertaining to costs, income and expenses associated with golf courses in this region as well as other regions of the country. Projections assume an appealing course design with low to moderate playing difficulty, a commitment to maintaining course conditions at or above that of comparable courses, a focus on effective sales and marketing techniques, and proper management of significant costs such as labor, equipment and turf chemicals. *The factor likely to have the most influence on financial results is the effectiveness of management. Any party using this report should make careful consideration of management's qualifications, integrity and reputation.*

## Certification Letter

**Spear Consultants, Ltd**

P O Box 10185 Raleigh NC 27605

June 27, 2011

Keith Herrmann  
City of Durham  
Durham, NC 27701

Re: Hillandale GC

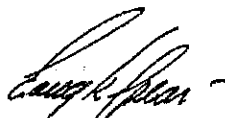
Sirs:

Spear Consultants, Ltd. has completed its evaluation of the above referenced project. This report provides evidence of market feasibility based upon available data and the assumption that current local market and industry trends prevail. When developing a market analysis for such a project it is important to note that player participation, new course development, and general economic conditions are difficult to project in advance. Regardless of these limitations, the projections included in this report are feasible.

We certify that, to the best of our knowledge and belief,

- 1 The statements contained in this report are true and correct.
- 2 The reported analyses, opinions, and conclusions are impartial and limited only by the stated assumptions and limiting conditions.
- 3 We have no present or prospective interest or bias in the property that is the subject of this report or in the parties involved, nor do we have a direct interest in the management of the project.
- 4 Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 5 Our compensation is not contingent on an action or event resulting from the analyses opinions, or conclusions herein.
- 6 Our analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with GCBC guidelines. Golf Course Business Consultants (GCBC) located in Lakeland NC is an affiliation of professional and experienced golf consulting firms.
- 7 We have visited the subject property and surrounding area as well as comparable courses in the area.
- 8 Other professionals provided information to the undersigned in the preparation of this report including Financial Consultants, Marketing and Management firms, and others to the extent deemed necessary to support the conclusion made herein, however, the firm has independently verified all information.
- 9 Our contract does not authorize out-of-context quoting from or partial reprinting of this report without our written consent.
- 10 This feasibility study does not address the financial aspects in accordance with generally accepted accounting principles.

We base our evaluation on relevant facts, common sense, and our informed judgment. Primary consideration should be given not only to the market feasibility of the project but also to the people and management behind that project.



Doug K Spear, President  
Spear Consultants, Ltd

## EXECUTIVE SUMMARY

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The Durham Foundation, non-profit owner of Hillandale Golf Course, has approach the City of Durham concerning donating the golf course to the City. David Shivers of SunTrust Bank is the trustee for the owner. The City wants to know the on-going costs of operating this facility and the costs of necessary improvements. The purpose of this report is to determine such.

We also reviewed financials statements, management contract and operator lease. There are two separate Hillandale operations; Golf Shop, Inc (Zack Veasey) is paid to manage the facility and Golf Shop Inc is also leasing the golf course for \$1.00 year. This arrangement is confusing and unusual to have a contract and lease to same party. When one reviews as a combined operation they will see abnormal compensation to the lessee/manager. Any potential future owner will address and correct these two contracts into one lease and save several hundred thousand dollars per year.

The financial feasibility of this project will be dependent on the effectiveness of its strategic marketing plan/promotions and secondarily dependent on management's ability to implement its strategic operating tactics included in its business plan. We considered these factors in preparing financial projections and believe we have addressed all significant risks that could impact financial feasibility. Based on current conditions and assumptions, we believe that the financial feasibility of this project is reasonably assured, however, we cannot address the actual successful efforts by others.

### OWNERSHIP

Durham Foundation has been the owner of Hillandale for almost fifty years. SunTrust Bank is the Trustee of this non-profit and has entered into a management contract with Zack Veasey, President of Hillandale Golf Shop, Inc. and that contract expires next March. Karl Kimball, manager, is presently managing all day-to-day golf operations. Veasey may be interested in cancelling his contract early, and Karl Kimball has expressed interest in leasing and managing the facility.

### GOLF COURSE

Donald Ross designed the first Hillandale Golf Course in 1911, and George Cobb redesigned and relocated facility to present site in 1961. The following are course highlights:

- This 18-hole course plays to a par of 72 with multiple tees.
- Greens are moderate in size without severe undulations.
- There is bunkering in fairways and around the greens.
- The fairways are highlighted by the use of native grasses
- With a slope rating of 125 is a favorite with senior golfers.
- Four sets of tees ranging from 4,867 to 6,339 yards.
- Has approximately 20,000 feet of finished asphalt cart paths.
- The practice range has practice tees and safely nets.
- A putting greens and chipping area are completed.
- In the 80s and 90s this course was producing good rounds and rates.
- Was a financially sound golf course until recent years (down economy).

### ROUNDS / RATES

Ten years ago, this course average over 45,000 rounds per year. In the last three years the course has been averaging rounds of 36,800 at a posted rate of \$38.90. Due to local economic factors we are only projecting beginning rounds of 32,815 with a posted rate of \$34.50. However, average yield rate (golf revenue divided by rounds) is \$31.23 due to discounted rounds. Although this is a conservative approach, we do anticipate better results than stated especially with professional management.

## IMPROVEMENTS

A wise golf course buyer certainly wants to know the selling price, but also the cost of needed improvements. The cost of improvements for aging golf courses can be fifty to one hundred fifty percent of the purchase price. No major improvements have been completed for Hillandale within the last ten years; therefore, necessary improvements are of concern to any owner.

Spear Consultants employed Clyde Johnston, President of Johnston Designs in Hilton Head SC to determine what, if any, improvements are needed and the cost of such. Mr. Johnston is a nationally known golf designer and past President of the Society of Golf Course Architects. His full report is attached to the back of this report. Clyde Johnston recommendations are as follows:

\$209,783	for bunker reconstruction and elimination, re-grassing greens, cart paths repairs and shade reduction
\$740,325	cart paths resurfacing, rebuild greens (USDA specs), range tees, and laser level all tees
<u>\$874,800</u>	new irrigation system
\$1,824,908	Course total (as per contractors and design)
<u>\$496,200</u>	Buildings, equipment, FF&E, etc.
<b>\$2,231,108</b>	<b>Cost of needed improvements</b>

Note: irrigation system is normally the first item to be completed, but need to know the source and cost of water (i.e.: City's untreated water from adjacent water treatment plant).

## VALUATION

Trustee employed Hotel & Club Associates to complete an appraisal in June 2010. This MAI appraiser stated a value of \$1,800,000, and with completion of needed improvements, this value will increase.

## MANAGEMENT

?

A professional firm, Amerazil Golf (KK Golf Mgmt), headed by Karl Kimball has (and will continue) to provide management of all day-to-day golf operations and marketing for Hillandale Golf Course. For over thirty years Karl Kimball has provided specialized management and support services to many golf courses. As part of our financial analysis, we evaluated management firms' qualifications and performance history and we found that Karl Kimball abilities are more than credible and his efforts will enhance the management potential of this needed golf course.

## TURN AROUND

"Turn Around" is a golf facilities expression meaning when one purchases an under-performing golf course; employs professional management following a Marketing Plan, and "turns it around" into a performing and successful golf operation. Hillandale was originally built as a public 18-hole course catering to local feeder markets. The management firm will begin with discounted rates and market primarily to value-oriented residents as a means of generating a more stable source of revenue. Therefore it is reasonable to think that golf under experienced management following an acceptably funded marketing plan will be successful and will support its debt beginning in the third year of operations.

**EMPLOYMENT** The management of Hillandale has / will employ approximately 30 employees for a total beginning payroll of \$509,200. There are 7 full time employees with annual salaries of \$249,600, and 22 part time and season workers with annual wages of \$259,600.

**LOCATION** The course is located in City of Durham, 14 miles west of RDU Airport and 28 miles west of Raleigh. Hillandale GC is on Hillandale Road in the northwest section of Durham. The course is two miles north of Durham Freeway and between Interstates I-40 and I-85. The course (subject to weather) is open year round and the playing season varies each year from 11 to 12 months.

**SIZE** There are 115<sup>±</sup> acres for the 18-hole golf course and related amenities. There is residential development adjacent to the course, but not part of the golf operations, therefore not addressed in this report.

**UTILITIES** Water and sewer are provided by Durham and electric by WREC. Telephone service is by Verizon and cable by Bright House.

**PROJECT DATA**

Acreage	115 acres for 18 hole golf course with practice range,
Course Type	Public Access Back Tees: 5,500 yds
Grass	Greens - Bent Tees and Fairways - Bermuda
Irrigation	Toro system fed by City water
Clubhouse	5,000sf with Pro Shop, Bar & Grill, bathrooms and offices
Cart Storage	Storage of 4,100sf for golf carts (adjacent to clubhouse)
Maintenance	4,600sf for equipment storage and repairs

**SUGGESTION** *The City is interested in any donation of land, but concern about needed improvements and operational cost. The City could accept the donation and unused cash from trust, then sell course to someone who will complete the improvements and operated as a public facility. Karl Kimball, present manager of the club, has previously express interest in assuming Zack Veasey contract and lease or acquiring Hillandale. Kimball's offer to buy last year was declined by the Trustee, because SunTrust wanted to donate course to Durham. Should the City is consider this donation from SunTrust, then it should consider a possible purchase by Karl Kimball.*

*Why would Trustee Allow?*

**CONCLUSION** In summary, we find that there is a demonstrated need for an affordable public golf facility in Durham, NC. This conclusion is supported by the demographic studies and competitive analysis. The local community and its leaders support the project, primarily based on the needs of residents and the development objectives of the local community. In order to achieve projections and maximize financial results, we recommend that business planning incorporate:

Engaging a professional management firm with local experience  
Hiring a sales director to implement a strategic marketing plan  
Appealing well-conditioned golf course  
Significant ties to the community's strategic planning  
Commitment to improve the community's quality of life at an affordable price

7

**The Future of Public Golf Courses in America** There are at present 11,581 public golf facilities in the U.S., including 9,132 daily fee (privately owned) and 2,449 municipal (owned by a city or county). Even industry veterans may be surprised to learn that nearly one-third of public facilities are stand-alone 9-holers. Courses at all price points have been affected by the recent economy, but, the lower the price point, the more steep the decline in rounds from the high-water mark to present. There are three price categories' for public courses (green fee with cart): Value price are under \$40, Medium price are \$40 to \$70, and Premium price is \$70 and over.

**How Courses are Responding** It comes as no surprise that successful public facility operators are doing more of the right things and less of the wrong things, when it comes to running their facilities. They show a higher degree of good management behaviors, including focus on customer service, strategic planning, player development, monitoring customer sentiment and feedback, identifying new revenue sources and improving the golf experience (e.g., pace of play). Successful operators are far less likely to engage in negative management behaviors such as cutting maintenance standards, delaying improvements and indiscriminant discounting. Successful operators are more committed to e-mail marketing and communications. Successful operators are more likely to maintain customer databases than at-risk operators. And the more successful courses have larger databases (average of 3,500 customers), are more likely to use e-mail marketing, and they communicate with their customers more effectively overall than their at-risk counterparts. Many successful facilities have a built-in advantage – they happen to be located in more densely populated areas.

**Outlook for Public Golf** On the demand side, the outlook for public golf is stable (even though we are losing some golfers to economic pressures). We found that two out of three Core golfers (those playing eight or more rounds per year) are quite passionate about playing golf. Golfer passion may go a long way toward explaining why the numbers of golfers and rounds have only been down marginally in recent years. Today is undoubtedly a great time to be a public course golfer given the abundance of affordable high-quality choices. According to recent research, considerable latent demand for golf exists. Over 25 million people indicate they are quite interested in playing golf. This figure includes over 17 million who have never played golf and nine million who have had some past exposure. In 2008, four million people acted on their interest and played golf – a conversation rate of 15%. It is due to this pool of latent demand that the number of golfers has remained relatively constant. In any given year, some players drop out due to mortality, infirmity, etc. and other interested players step in to take their place. The challenge for the industry is, and has been, to "bar the back door" on the quitters and make the front door easier to walk through.

**Conclusions** There is plenty of available public golf. This is good for golfers and bad for facility operators who have seen their rounds cut by 20% due to dilution of demand. Dilution has affected almost every facility, but 15% (or 1,500 to 2,000) very seriously. The short-term prospects for improvement for these at-risk courses are poor. Well managed courses in populated areas are most likely to thrive. Between 500 and 1,000 public courses are likely to close within the next five years – primarily those with negative cash flow and low return on investment. Overall supply will shrink in the 2010s by as much as 5-10%. And this is not necessarily a bad thing for owners and operators as a whole—course closures will reverse the dilution process and give at least some rounds back to courses that remain open. Continued lack of growth in the number of golfers due to economic pressures is likely for the next several years. Less committed golfers and lower income golfers are more likely to leave. Rounds will likely drop for most golfers trying to manage household expenses.

**Recommendations** Operators need an honest and objective analysis of their business outlook. They need to determine their return on equity and consider how best to invest in the course and the customer experience. They must work on properly positioning themselves in the marketplace through strategic planning and customer targeting. Finally, they will need to market and sell themselves like never before, especially through increased use of technology (e.g., sophisticated customer targeting, e-mail, yield management tools and other Internet applications) and dedicated sales.

*Note: - reprint article from NGF, March 2010 by Beditz and Kass*

# Hillandale Golf Course

# SURVEY

Spear Consultants, Ltd. reviewed other golf courses in the market area. The average of that analysis was used for comparison to the subject golf course. The comparison courses were selected based on course type and location. Supporting data is based primarily on specific reviews of local course activity and interviews with course operators. Information regarding competitive facilities was obtained from sources believed to be reliable and is assumed to be correct and complete for purposes of this analysis. Rounds and Rates of all courses are based on eighteen hole equivalent.

	Occoneetchee	The Crossings	Falls Village	Challenge
Location	Hillsborough	Durham	Durham County	Graham
Type	Public	Public	Semi Private	Semi Private
Year Started	1963	1997	1999	1997
# of holes	18	18	18	18
Length - Back	6,261	6,527	7,072	6,828
Type Greens	Bent	Bent	Bent	Bent
SLOPE RATING	124	134	145	139
Driving Range	Yes	Yes	Yes	Yes
Putting Green	Yes	Yes	Yes	Yes
Annual fees	\$1,300	\$2,280	\$2,220	\$1,740
Greens- weekdays	20.00	39.00	45.00	39.00
Greens- weekends	26.00	55.00	59.00	52.00
Weighted Avg Fee (2)	23.60	48.60	53.40	46.80
Avg Cart Rental	14.00	14.00	0.00	12.00
<b>AVG RACK RATE</b>	<b>\$37.60</b>	<b>\$62.60</b>	<b>\$53.40</b>	<b>\$58.80</b>
<b>ANNUAL ROUNDS</b>	<b>29,000</b>	<b>24,500</b>	<b>26,100</b>	<b>21,800</b>
Internal Rating	4.5	5.0 plus \$500 Init	3.5	3.5 plus \$500 Init



## Hillandale Golf Course

## SUMMARY of Courses

Existing golf supply appears to have met or exceeded demand for private country clubs and semi-private courses. This project's strategy is to provide the community with an accessible and affordable product. In addition, the subject's unique design and championship length should create a "must play" reputation among golf travelers in secondary markets. Industry trends indicate increasing appeal of daily fee courses, particularly in markets with an abundance of private / resort facilities. While the subject's design is challenging, its affordable pricing strategy requires that it continually meet or exceed comparable course's turf condition (particularly tees and greens) and provide quality customer service.

	Average All Courses	Hillandale Golf Club
Location	In market area	Durham
Type	Semi Private	Public
Year Started	1989	1961
# of holes	18	18 holes
Length - Back	6,672	6,527
Type Greens	Bent	Bent
SLOPE RATING	136	125
Driving Range	Yes	Yes
Putting Green	Yes	Yes
Annual fees	\$1,885	\$1,200
Greens- weekdays	\$35.75	\$15.00
Greens- weekends	\$48.00	\$25.00
Weighted Avg Fee (2)	\$43.10	21.00
Avg Cart Rental	\$13.33	\$13.50
<b>AVG RACK RATE</b>	<b>\$53.10</b>	<b>\$34.50</b>
<b>ANNUAL ROUNDS</b>	<b>25,350</b>	<b>32,815</b>
Internal Rating	4.1	6.5

The following projected examples are based on a  
normal public golf operation leased by the  
City of Durham to a qualified operator.

# PROJECTIONS

**COSTS • ASSUMPTIONS • ROUNDS**  
**RATES & FEES • OPERATIONS • EXPENSES**

Project: **Hillandale Golf Course**  
Proposed: Affordable public golf course in Durham NC

<b>GOLF COURSE</b>	Type Course:	Public
	Course:	18 holes
	Present Owner:	Durham Trust
	Golf Management:	Karl Kimball
	Design Review:	Clyde Johnston Designs
	Feasibility Consultant:	Spear Consultants Ltd.

<b>INVESTMENT</b>	New Owner:	City of Durham
	Purchase:	Donated to City from Trust
	Improvements:	\$2,321,108
	Lease Operator:	Karl Kimball (KK Golf Mgmt)

*Spear Consultants, Ltd. P O Box 10185, Raleigh NC 27605 919 787 7337*

**Hillandale Golf Course****IMPROVEMENT COSTS**

New Owner: City of Durham

**IMPROVEMENTS**

Needed Improvements *	1,824,908	Course improvements as addressed by Clyde Johnston Design.	
Cart Storage	24,200	Add 720 sf to Cart Storage for 20 additional carts. (total of 80 carts).	
Pro Shop	185,600	Add 1,800 sf for dining room, electrical, bathroom, bar, new roof.	
Pavilion	43,500	Meeting area of 2,400sf - slab, lights, fans and wood shingle roof.	
Parking Lot	14,400	Blacktop and re-strip surface.	
Golf course signage	12,500	Course setup - flags, hole signs, washers, onsite and offsite signs, etc.	
Maintenance equipment	147,000	Buy green mowers, topdresser, tractor, and sprayer.	
Re-Opening Marketing	11,600	Marketing cost prior to re-opening under new owner & management.	
FF&E	7,400	TVs, radios, copier, table and chairs for dining area.	
Contingency	50,000	For unknowns and price adjustments.	\$2,321,108
<b>\$ 2,321,108</b>			

June 2010: property appraised for \$1.8m by Hotel Club Associates.

Lease golf carts	\$52,800	60 Club Car
Lease equipment	\$25,000	fairway and aerifying units

\* Note - read Clyde Johnston full report - attached to back of this report. Mr. Johnston suggested costs are based on recent Contractors pricing for similar work. Work can be completed all at once or over a five year period.

## Hillandale Golf Course

## ASSUMPTIONS

New Owner: City of Durham

Lessee: KK Golf Mgmt

The new owners will employ a professional golf management firm to oversee the day-to-day operations with the goal of good conditioning, playability, courteous service, and quality marketing to generate repeat play. Assumptions are based on known facts supplied by other golf projects and industry averages of existing market. Depreciation and income taxes are not included due to not-for-profit entity.

Rounds	32,815	Based on quality facility, a conservative projection of rounds with annual increases.
Weekday rate	\$15.00	In some locations, weekday rate is also "out of season" and weekend rate is "in season".
Weekend rate	\$25.00	Applies only to public rounds.
Average Green Fee	\$21.00	To calculate Avg Green Fees; add 40% of the weekday rate to 60% of the weekend rate.
Cart Fees	\$13.50	Based on average regional rate for new fleet.
Rack Rate	\$34.50	Average advertised Cart and Green Fees.
Annual Card	\$1,200	Discounted price for pre-paid round card.
Practice Facility	\$0.75	Per round - Range and practice facility are above average for the area.
Pro Shop Sales	\$9.85	Per rounds - average merchandise sales
F&B Income	\$2.40	Per round - Food & Beverage operations.
Miscellaneous Income	\$0.25	Miscellaneous income per round from tournaments, special events and member outings.
Pro Shop Costs	60%	Based on regional and local averages, but with quality merchandise.
F&B Costs	40%	Based on regional and local averages, but with quality merchandise.
Golf Cart Lease	\$52,800	Est. annual lease for 60 electric carts. Club Car
Equipment Lease	\$25,000	Buying long-life equipment and lease mowers.
Clubhouse Expenses	\$305,465	Initial year inside operations for Pro Shop & Carts, personnel, etc.
Course Maintenance	\$397,505	Initial year expense for course maintenance for quality conditioning.
General Administrative	\$224,248	Management personnel, expenses, and mgmt fees are based on regional averages.
Capital Reserves	3%	Percentage of gross revenue for future capital improvements and equipment.

# Hillandale Golf Course

## ROUNDS, RATES and RATIOS

Lessee: KK Golf Mgmt

In the following projections: Total rounds increase and stabilize within four years with slight increases thereafter. However, the rates and fees also increases as the economy and market allows and the type of rounds changes. Over the years there are less discounted rounds and more "full rate" rounds, therefore increasing income and at the same time establishing rates at a more profitable level. Assume Year 1 to be 2012.

Public Rounds Paid rounds from the public including golfers from county, region, and travelers.  
 Annual Members Rounds Prepaid discounted Green Fees (does not include Cart fee - rent optional).  
 Discounted Rounds Rounds that are discounted, such as --- club events, special promotions, twilight rounds, etc.  
 Opportunity Rounds Rounds which are solicited by a salesperson that normally would not book at your golf course  
 They include- social tournaments/outings, corporate outings, golf packages, fund raising events, etc.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
ROUNDS							
Public	21,750	22,403	22,627	22,853	22,967	23,082	23,197
Annual Card	3,150	4,830	6,090	6,930	7,560	8,190	8,400
Discounted	3,915	3,524	3,171	2,537	2,539	2,032	1,625
Opportunity	4,000	4,250	4,500	4,750	5,000	5,250	5,500
Total Paid Rounds	32,815	35,006	36,388	37,070	38,067	38,553	38,723
GREEN+CART FEES							
Rack Rate	\$21.00	\$21.42	\$22.71	\$22.93	\$23.16	\$23.39	\$23.63
Discounted 25%	\$15.75	\$16.07	\$17.03	\$17.20	\$17.37	\$17.54	\$17.72
CART FEES							
75% usage	\$13.50	\$13.50	\$13.91	\$14.32	\$14.75	\$15.19	\$15.65
Average RACK RATE							
Green & Cart Fees	\$34.50	\$34.92	\$36.61	\$37.25	\$37.91	\$38.59	\$39.28
ANNUAL MEMBERSHIP							
Rate	\$1,200	\$1,236	\$1,273	\$1,311	\$1,351	\$1,391	\$1,433
New members	75	40	30	20	15	15	5
# of Members	75	115	145	165	180	195	200
PRACTICE FACILITY							
Per Round	\$0.75	\$0.75	\$0.83	\$0.83	\$0.91	\$0.91	\$0.91
MERCHANDISE							
Per Round	\$9.85	\$10.24	\$10.65	\$11.08	\$11.52	\$11.98	\$12.46
F&B SALES							
Per Round	\$2.40	\$2.50	\$2.60	\$2.70	\$2.81	\$2.92	\$3.04
MISCELLANEOUS							
Per Round	\$0.25	\$0.26	\$0.27	\$0.28	\$0.29	\$0.30	\$0.32
AVG PLAY RATE	\$31.23	\$34.81	\$36.69	\$37.70	\$38.58	\$39.59	\$40.52
Total Revenues per round	\$44.48	\$48.56	\$51.04	\$52.58	\$54.11	\$55.70	\$57.25
Annual Growth in Rounds		7%	4%	2%	3%	1%	0%

## Hillandale Golf Course

## OPERATIONS

Lessee: KK Golf Mgmt

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Annual Members	\$ 90,000	\$ 142,140	\$ 184,597	\$ 216,360	\$ 243,110	\$ 271,270	\$ 286,573
Cart Fees - 75% useage	332,252	448,952	480,672	504,372	533,473	556,506	575,715
Green Fees - Public	456,750	479,862	513,740	524,066	531,953	539,959	548,085
Green Fees - Discounted	61,661	56,605	54,001	43,633	44,113	35,644	28,800
Green Fees - Opportunity	84,000	91,035	102,173	108,928	115,808	122,814	129,949
Practice Facility	24,611	26,255	30,020	30,583	34,545	34,987	35,141
Pro Shop Sales	323,228	358,601	387,666	410,729	438,644	462,026	482,614
F&B Sales	78,756	87,375	94,457	100,076	106,878	112,575	117,591
Misc. & Special Events	8,204	9,102	9,839	10,425	11,133	11,727	12,249
<b>GROSS REVENUES</b>	<b>1,459,462</b>	<b>1,699,926</b>	<b>1,857,164</b>	<b>1,949,171</b>	<b>2,059,658</b>	<b>2,147,507</b>	<b>2,216,718</b>
Pro Shop Costs (60%)	193,937	215,161	232,599	246,437	263,187	277,215	289,569
Food & Beverage Costs (40%)	31,502	34,950	37,783	40,030	42,751	45,030	47,037
<b>TOTAL Cost of SALES</b>	<b>225,439</b>	<b>250,111</b>	<b>270,382</b>	<b>286,468</b>	<b>305,938</b>	<b>322,245</b>	<b>336,605</b>
<b>OPERATING INCOME</b>	<b>1,234,023</b>	<b>1,449,815</b>	<b>1,586,782</b>	<b>1,662,704</b>	<b>1,753,720</b>	<b>1,825,262</b>	<b>1,880,112</b>
EXPENSES: Clubhouse (inside)	305,465	314,629	324,068	333,790	343,804	354,118	364,741
Course Maintenance (outside)	397,505	409,430	421,713	434,364	447,395	460,817	474,642
G & A (mgmt fee)	224,248	230,975	235,595	240,307	245,113	250,015	255,016
Cart Lease	52,800	52,800	52,800	52,800	58,500	58,500	58,500
Equipment Lease	25,000	25,000	25,000	25,000	44,000	44,000	44,000
<b>TOTAL OPERATING EXPENSES</b>	<b>1,005,018</b>	<b>1,032,835</b>	<b>1,059,176</b>	<b>1,086,261</b>	<b>1,138,812</b>	<b>1,167,450</b>	<b>1,196,898</b>
<b>Net Operating Income</b>	<b>\$ 229,005</b>	<b>\$ 416,981</b>	<b>\$ 527,606</b>	<b>\$ 576,442</b>	<b>\$ 614,908</b>	<b>\$ 657,812</b>	<b>\$ 683,214</b>

## Suggest Option A or Option B

Example of Option A City provides funds for improvements and receives \$5 of all Green and Cart fees.

Estimated Rounds	32,815	35,006	36,388	37,070	38,067	38,553	38,723
City receives per round	\$5	\$5	\$5	\$5	\$5	\$5	\$5
City receives	\$164,075	\$175,030	\$181,938	\$185,349	\$190,333	\$192,767	\$193,613

Example of Option B City provides funds for improvements, receives fixed \$100,000 year and shares in 30% net income

Fixed annual payment	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
City receives 30% of NOI above	\$68,701	\$125,094	\$158,282	\$172,933	\$184,472	\$197,343	\$204,964
City receives	\$168,701	\$225,094	\$258,282	\$272,933	\$284,472	\$297,343	\$304,964

# Hillandale Golf Course

Lessee: KK Golf Mgmt

## Typical EXPENSES

### CLUBHOUSE (inside)

Pro / Manager	1	\$35,000
Assistant Pros	2	\$66,000
Sales Assistants -pt	4	\$73,900
Carts / Starters -pt	6	\$22,800
F&B Staff - pt	5	\$54,900

TOTAL Salaries	\$252,600
Payroll taxes	8,189
Workman Comp	2,586
Furniture / Fixtures	800
Clubhouse Supplies	1,400
Clubhouse Decorations	500
Clubhouse Maintenance	2,860
Telephone / Cable	5,480
Pro Shop Elec	2,460
Water	3,840
Gas	2,000
Electricity	2,400
Equipment Maintenance	1,500
Electricity - carts	8,500
Golf Cart Maintenance	3,800
Golf Supplies	2,000
Uniforms	1,200
Driving Range Expense	1,850
Misc	1,500
<b>Total</b>	<b>\$305,465</b>

Expenses are based on market data, golf associations (NGF / PGA / GCSAA) and subject to change as dictated by the quality requirements and management input. The condition of the course is a direct reflection of expenses.

### COURSE MAINTENANCE (outside)

Club Superintendent	1	\$50,000
Course Workers - pt	5	\$102,000
Mechanic	1	\$40,000
Summer Worker -pt	2	\$6,000

TOTAL Salaries	\$198,000
Payroll taxes	15,523
Workman Comp	4,902
Uniforms	1,500
City Water - Irrigation	31,200
Sandtrap Sand	2,000
Chemicals	21,800
Fertilizers	15,950
Seed	2,800
Water (City)	31,450
Top Dressings	7,560
Golf Course Supplies	3,500
Gas & Oil	11,500
Equipment Maintenance	7,500
Auto Expense	1,280
Electricity (irrigation)	22,300
Telephone	2,850
Dues & Subscription	800
Travel & Training	1,500
Landscaping Supplies	2,250
Waste Services	3,860
Building Maintenance	2,000
Repairs (paths, ponds, irrig.)	2,480
Misc.	3,000
<b>Total</b>	<b>\$397,505</b>

### G & A (management)

Bookkeeping	1	\$30,000
Marketing	1	\$28,600

TOTAL Salaries	\$58,600
Payroll taxes	1,140
Workman Comp	360
Health Insurance	2,800
Office Supplies	750
Postage & Freight	2,140
Credit Cards Charges	2,500
General Insurance	7,500
Professional Fees	1,858
Employee Training	1,450
Dues & Subscriptions	800
Travel & Entertainment	1,200
Marketing	60,000
Telephone	3,500
Legal & Audit	1,500
Office Computer & Equip	1,250
Property Tax	n/a
Licenses	500
Misc.	2,000
Management Fee	72,000
Management Travel	2,400
<b>Total</b>	<b>\$224,248</b>

Clubhouse	\$305,465
Maintenance	\$397,505
General & Administration	\$224,248
<b>TOTAL</b>	<b>\$927,218</b>

**Existing Course - Prior to Improvements and Expansion****SITE REVIEW**

*The following Site Review was preformed based on conditions at below date and prior to any sell or purchase, renovations, improvements, and projected rates, fees and rounds.*

Course Name: <u>Hillandale Golf Course</u>	Today Date: <u>06/06/11</u>
Address: <u>1600 Hillandale Rd</u>	Reviewer: <u>Doug Spear</u>
City: <u>Durham NC 27705</u>	Owner: <u>Durham Foundation</u>
Contact Name: <u>Karl Kimball @ Pro Shop (cell 697 0681)</u>	Tele #: <u>Pro Shop 919 286 4211</u>

Designer: George Cobb Year Open: 1961 Golf acres: 115 to 144  
 Type COURSE: PUBLIC Slope: 125 Back: 6,339 Front: 4,867

ROUNDS <u>did over 40k rds prior to 9/11</u>	RATES	Total Members
2010 <u>35,452</u>	Green W-day <u>\$20.00</u>	Golf <u>n/a</u>
2009 <u>36,016</u>	Green W-end <u>\$29.00</u>	Social: <u>n/a</u>
2008 <u>39,051</u>	Weighted AVG: <u>\$25.40</u>	Annual Memberships <u>None</u>
% play - 20 miles <u>80%</u>	Cart Fees: <u>\$13.50</u>	Avg Dues <u>should consider</u>
Rank <u>in Top 100 Public</u>	RACK RATE <u>\$38.90</u>	Equity <u>No</u>

Type Grass: <u>Bent Greens</u>	Type carts: <u>Elec</u>	Parking #: <u>140 spaces</u>
tees: <u>common</u>	# carts: <u>60</u>	Landscape: <u>OK</u>
fairways: <u>common</u>	brand: <u>Club Car</u>	Entrance: <u>OK</u>
greens: <u>Pennncross &amp; Poa</u>	avg age: <u>2009</u>	Signage: <u>Fair</u>
Irrigation brand: <u>Toro &amp; Rain Bird</u>	Practice Range: <u>Yes - 250 yds</u>	Shop Inventory: <u>\$100,000</u>
# lines: <u>none in fairway</u>	Putting Green: <u>Yes</u>	Annual Sales: <u>over \$800,000</u>
Pumps hp: <u></u>	Chipping Green: <u>No</u>	Bathrooms: <u>two</u>
size water supply: <u>City water</u>	Course Bathrooms: <u>Port A Potties</u>	Lockers: <u>two</u>
Greens Tees: <u>Irrigation</u>	Shelters: <u>Yes</u>	# Offices: <u>two</u>
Cart paths type: <u>Asphalt</u>	Grill: <u>Yes</u>	Computer system: <u>POS</u>
width: <u>6 &amp; 8 ft</u>	seats #: <u>20</u>	# Employees: <u>20 - 30 (FT &amp; PT)</u>

Other: first Hillandale built 1911 by Donald Ross - Moved to present site 1961. Four sets of tees. 3 Double Greens

BUILDINGS		Sq Ft	Condition	Exterior	
Clubhouse	1961	4,939	Good	Brick	needs minor updates
Maintenance Bldg	2001	4,600	Good	Metal & Block	3 buildings - good Main Complex
Cart Storage	1961	4,164	OK	Pole Bldg	hold 60 carts



## **ASSUMPTIONS AND LIMITING CONDITIONS**

This Report is a summary of our market findings. The report is based on the following assumptions and limiting conditions:

- 1 The firm's name and contents herein may be used in property valuations, appraisals, and financial offerings or representations connected with the sale of securities or other means for financing the proposed project.
- 2 This report does not assess the possible impact of legal and regulatory requirements applicable to this project including state/local government regulations, permits and licenses.
- 3 No effort has been made to determine the possible effect on the proposed or existing golf course of present or future federal, state or local legislation, and/or any environmental, engineering or ecological matters.
- 4 The property, as proposed, is assumed to meet all easements, encroachments and height restrictions, which might be placed on the proposed structure by local and state government.
- 5 The demand analysis and revenue projections herein are based on estimates and assumptions developed in connection with our market research and assume no significant changes in the competitive golf market, or the golf industry as a whole, from that described in this report. Actual results achieved during the period covered by the projections may vary from the estimates.
- 6 The information furnished by others and contained in this report is considered to be from reliable sources and where feasible, has been verified; however, no responsibility is assumed for the accuracy of information supplied by others. All such information has been identified together with the name of the supplier of such information in this report. The firm reserves the right to modify its analyses should more reliable information become available subsequent to final delivery of this report.
- 7 The firm has assumed that there are no hidden or unapparent conditions in the property, soil, or subsoil, which would render the property more or less valuable. All material used in improvements on the subject property are assumed to be free of potential health risks unless otherwise so stated and identified. No opinion is expressed on structural or mechanical conditions. The firm's consultants are not contractors, engineers, or legal experts, and any statement given on these matters in this report should be considered preliminary in nature.
- 8 The firm is not required to give consultation, testimony, or to be in attendance in court or at any governmental or other hearing with reference to the project without prior arrangements having been made relative to such additional employment.
- 9 The party for whom this report was prepared may distribute copies of the report only in its entirety to such third parties as may be selected by the party for whom this report was prepared. However, portions of the report shall not be given to third parties without written consent. Acceptance of and use of this report constitutes acceptance of all foregoing assumptions and limiting conditions contained herein

## **SPEAR CONSULTANTS - QUALIFICATIONS**

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For over forty years, Spear Consultants, Ltd. has been involved in evaluating golf course development opportunities. We have assisted or directed clients through the potentially confusing phases of buying, constructing and financing over 400 golf courses. We provide numerous services, from market and feasibility studies to introductions to investors and other funding opportunities. Doug Spear, a frequent speaker and writer for many golf associations, assists clients with preparing evaluations that identify both profitable and risky opportunities.

### **A consulting firm specializing in the business of golf**

After years as a lending officer with a major bank, Doug Spear incorporated Spear Consultants, Ltd., in 1974 as a golf consulting firm. It was founded to assist and direct clients in obtaining necessary information to determine the market feasibility of their existing or proposed golf course. These studies are prepared in confidence and for discretionary use by the client.

In addition to market studies, we also prepare confidential business plans, and analyze past, present, or operational and financial performance. As needed, we assist the client in locating sources for debt financing and/or equity capital. Through our market studies and other services clients can seek financing through approved lenders, investors, public and private placements.

### **Market feasibility evaluates for financial viability:**

- the type of course that yields the greatest potential
- if the project should be a public, private or resort course
- comparable courses in the subject area
- golf demand
- appropriate management abilities and experience
- existing and proposed marketing activities
- actual and projected costs to renovate, build or buy
- projected revenues and expenses
- net cash flow available for debt and other expenses
- date of probable stabilization
- break-even scenarios
- demographics are the foundation to determine viability,  
but personal contact reflects a truer picture
- address the negative elements and accent the positive
- adds credence and creditability to clients efforts
- use relevant facts, informed judgment and common sense

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e mail: dspear@spearltd.com • Web Page: spearltd.com • Educator for PGA & GCSSA • GCBC affiliate

## Evaluations by Spear Consultants

## RECENT PROJECTS

Since 1967, Spear Consultants has completed over 450 Evaluations. Recent projects are listed below:

2000	Tauqueta Falls - Lookout Mt GA	2004	Mystic Pines, Golf Club - Marilla NY
2000	Royal Oaks - Maryville TN	2005	Hitchcock Creek GC - Rockingham NC
2000	Beech Creek - Bakerville NC	2005	Four Mile Golf Club - Canon City CO
2000	Lanvale - Wilmington NC	2005	RiverWatch GC - Smithville, TN
2000	Banana Grove - Lockport LA	2005	Barrens Golf Club - Perryville MO
2000	Lariat Golf Club @ Stroh Ranch - Parker CO	2005	Sequoyah National - Cherokee NC
2000	Carter Plantation - Springfield LA	2005	Allendale County GC - Fairfax SC
2000	Hampton Club - St Simons Island GA	2005	Caswell Pines GC - Yanceyville NC
2000	Ocean Isle Beach - Ocean Isle Beach NC	2005	Diamond Oaks GC - Trenton TN
2000	Paschel - Wake Forest NC	2006	Grassy Creek GC - Aurora NE
2000	Kinderlou - Valdosta GA	2006	Kinderlou Forest- Valdosta GA
2000	Bear Trail - Jacksonville NC	2006	Pinecroft Golf Course - Ridgebury PA
2000	Eagle Nest - Dublin OH	2006	Brockway Golf Club - Winston OR
2000	Edgewater Golf Club - Gaffney SC	2006	Lost Plantation - Rincon, GA
2001	Raintree Golf Resort - Ft Lauderdale FL	2006	The Wellman Club, Johnsonville SC
2001	Laurel Island Resort - Kingsland GA	2006	Palo Duro GC - Canyon TX
2001	Redhawk Resort - Temecula CA	2006	Sumter National Golf Club - Sumter SC
2001	Brierwood Golf Club - Shallotte NC	2007	Hickory Sticks GC - Lonsdale MN
2001	Northwoods Golf Club - Asheville NC	2007	Mark Twain Golf Club - Elmira NY
2001	Tee Times - Florence KY	2007	North Hills, Sherwood AR
2002	Audmor Golf Course - Monroe GA	2007	Allendale County Course, Allendale SC
2002	Poplar Hill - Farmville VA revisions	2007	Deer Creek GC, Saulsbury TN
2002	Tiger Greens Golf Resort - Perryville MO	2007	Huntmore GC, Brighton MI
2002	Olde Colony - Caryville TN	2007	Phoenix Links, York, PA
2002	Edgewater Golf Course - Gaffney SC	2008	Black Diamond GC, Dunmore PA
2002	Apex Golf Club - Apex NC	2008	Monte Vista GC, Monte Vista CO
2003	Dragonfly Golf Club - Hugo OK	2008	Links of Locksley, Peterburg VA
2003	RiverDale Golf Lodge - Nixa MO	2008	Riverwood GC, Ostego MN
2003	Fox Creek Golf Course - Hartsville SC	2008	The Falls GC, Sanger TX
2003	The Pointe Golf Club - Parker CO (rev)	2008	Cooks Creek GC, Ashville OH
2003	ArborLinks Golf Course, Nebraska City NE	2008	Chimney Cove GC, Wadowes AL
2003	Royal Oaks Golf Club - Mannings SC *	2009	Southern Hills GC, Gladewater TX
2003	Ironwood GC - Cordele GA	2009	Taberna CC, New Bern NC
2003	Old Silo GC - Mr Sterling KY	2009	Emerald Falls GC, Wagon County OK
2003	Clydesdale Meadows GC - Colquitt GA	2010	Fyre Lake National - Sherrard IL
2004	Cool Springs Golf Club - Parkersburg WV	2010	Owls Nest GC, Campton NH
2004	Wolf Creek Golf Club - Atlanta GA	2010	Eagle Trace GC, Clearwater, MN
2004	The Shadows - Front Royal VA	2010	Vista Royale GC, Vero Beach FL
2004	Southerness Golf Club - Stockbridge GA	2010	Indian Rock GC, Laurie MO
2004	Shallow Creek Golf Club - Gladewater TX	2010	Ozark Highlands GC, St Roberts, MO
2004	Lands End Golf Club - Yantis TX	2010	Legacy Golf Courses - East Gull Lake, MN
2004	Craneview Golf Club - Kearney NE	2011	Wellman Club - Johnsonville SC
2004	Chancellor's Golf Club - Oxford MS	2011	Cotee River GC Spring Hill FL
2004	Railside Golf Club - Gibson City IL	2011	The Bull GC - Shegogyan Falls, WI
2004	Kings View Golf Club - Sophia NC		

Due to confidentiality, most projects originate under a "code name" and present name may differ.

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**DESIGN REVIEW REPORT**  
**HILLANDALE GOLF COURSE**  
**DURHAM, NORTH CAROLINA**



Prepared For  
Spear Consultants Ltd.  
Raleigh, North Carolina

Prepared By  
Clyde Johnston Designs, Inc.  
Golf Course Architecture  
Hilton Head Island, South Carolina

June 25, 2011

## **BACKGROUND INFORMATION**

An independent review of the Hillandale Golf Course was made June 14-15, 2011 by Clyde Johnston, ASGCA. The golf course is a public 18-hole facility designed by George Cobb which opened for play in 1961. The golf course is situated on approximately 144 acres and has access from Hillandale Road in Durham, North Carolina.



## **OVERALL ROUTING & DIFFICULTY**

The original routing plan is a good layout with the clubhouse and parking lot in a central location near the starting and finishing holes and the practice range. The routing of the course flows very well and is quite walkable for golfers. There are two paved road crossing at the present time and golfers must make a total of five crossings (once on Sprunt Avenue and four times on Hillandale Road. Hillandale Road is a very busy road making it a dangerous crossing. Two of the Hillandale Road crossings are at a traffic light at the intersection of Hillandale Road and Sprunt Avenue. There is also an unpaved, dead end road that golfers must cross twice between holes 3 & 4 and 6 & 7.

The course is very playable and not extremely difficult but challenging for the golfers who play from the back tees. The yardages for the five sets of tee markers are very consistent with most golf courses in this region.

## **TURF CONDITIONS**

The turf conditions are quite acceptable however most of the Bentgrass greens have Bermuda grass encroachment due to improper cup cutting techniques. The rest of the primary playing surfaces (tees, fairways and roughs) of the golf course have the common variety of Bermuda grass.

### **TEES**

The golf course tee areas, are of adequate size and sufficiently level for a course of this type. There were only a few tee areas with shade problems. Selective clearing and pruning of limbs can easily solve the shade problems and much of that could be accomplished by the maintenance staff.

Many of the tees were unlevel due to settling. In the future, a re-leveling of the tees would be an added benefit but it is not a critical item at this point.

### **FAIRWAYS AND ROUGHS**

The fairways on this course were in good condition and ranged from very wide to quite narrow. The fairways are gently sloped for drainage which is very good for the game of golf. Many golf holes are in the flood plain of the creek that runs through the middle of the property so the fairways are seasonally wet. French drains have been installed in various locations on the holes.

### **BUNKERS**

This course features 38 bunkers of which 3 are fairway bunkers and the remainder is greenside bunkers. The bunkers are in fair to poor condition, all of which need to be rebuilt. The existing sand depth is inconsistent and the edges are in poor condition in some locations. There is obvious sand buildup on many of the lower edges from the sand raking equipment. Some of the bunkers do not drain well as evidenced by the darker sand at the low elevations of each bunker. The normal life span of a bunker sand is five to seven years<sup>1</sup>. The existing bunkers are all of proper size, shape and location for the game of golf, just in fair to poor shape.

From a cost of repair and future cost of maintenance, I would recommend filling in about 7 to 10 of the existing bunkers. The course has plenty of challenge and doesn't need this many bunkers. I have identified 7 bunkers for removal.

### **GREENS**

In addition to the 18 greens on the course, there is one practice putting green at the clubhouse and one small chipping green. The greens are not built to the United States Golf Association's Recommendations for Putting Green Construction. (This method of construction is widely accepted as the best way to build golf greens.) I sampled the soil on one-third of the greens and found a 8 to 10 inch layer of loamy soil.

The greens on the course were all of adequate size and shape for the game of golf. They also have sufficient undulations to make putting interesting and add a level of challenge to the game. The green slopes in many locations are steep (> 3% slope) and could not be used for hole locations if any of the new ultra-dwarf Bermuda or modern Bentgrasses are used without some slope modifications.

### **DRAINAGE**

The course generally drains to the creek that runs through the middle of the course. The creek is overgrown with cattails and other aquatic weeds.

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<sup>1</sup> American Society of Golf Course Architects "Golf Course Items Expected Life Cycle" Chart

## **IRRIGATION**

The irrigation system is original to the 1961 construction and was originally a Rainbird brand system. Only the tees and greens have irrigation. The system layout is basically a single row sprinkler system on the tees and with four single sprinkler heads around each green. The system is controlled by the field satellites. Irrigation systems have an average life of 10 to 30 years<sup>2</sup> and this system is already 51 years old. It is thought that the irrigation pipe is the asbestos cement variety that is no longer used. Based on the age and visual observations, I recommend that a new system be installed as soon as financially possible. At the present time, the only water source is potable water.

There is no central pump station. The irrigation system is supplied by potable water and there are several booster pump stations around the course. If the irrigation system is replaced with full coverage, an adequate supply of water will be needed. There are no lakes or ponds on the site. The creek could supply a small amount of water but it would be inadequate for a full irrigation system.

## **CART PATHS**

The cart paths range in width from six to eight foot wide and are of asphalt construction. Some paths appear to have been widened and overlaid with asphalt and are in good condition. Some of the paths are older construction with a width of six feet. The older paths should be overlaid with new asphalt and expanded to eight feet wide if possible. In the meantime, they should receive an asphalt seal coat to slow down the deterioration. Most of the paths were in good to fair condition however there is some root damage in places, bad damage in a few places and the outer edges need to be cleaned up on a majority of the paths. The paths need to be root pruned on a regular basis to prevent tree root damage. The paths are full length around the course except the dirt road crossings between holes 3 & 4 and 6 & 7. I would recommend immediate repairs to the damaged paths as well as edge cleanup, root pruning and the application of an asphalt seal coat on the older paths.

The shoulders of the cart paths also need attention to bring level with the surface of the asphalt. At many of the tees and greens, the shoulder of the path is bare dirt due to carts and maintenance equipment running off the path. I would recommend that concrete curbing be installed along the path at those locations to control the traffic.

## **BRIDGES**

There are five medium length flat concrete bridges of various widths on the golf course and appear to be in good condition. Some of the bridges have make-shift 2"x12" wood curbing which is inadequate from a safety standpoint. There are no handrails on the bridges and the height of the bridges is such that handrails would be beneficial however, the bridges that are in the line of play should not have handrails. I would recommend that adequate curbing and where appropriate, handrails be added for safety purposes, which can be installed by the maintenance staff.

## **PRACTICE FACILITIES**

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<sup>2</sup> Golf Course Items Expected Life Cycle prepared by the American Society of Golf Course Architects.



Design Review Report  
Hillandale Golf Course  
Durham, North Carolina

The practice range has an irregular shape. It is wide at the tees but shorter on the left side than it is on the right side. The range has been surrounded by a tall ball netting fence with an approximate height of 50 feet. The range is short by today's standards but acceptable for the volume of play at this course. Balls do escape the range environment due to errand shots. The range tee divided into smaller tee areas due to the land shape and changes in elevation. There are also two large oak trees that cast too much shade on the tees and should be removed. I would also recommend a redesign of the tee area to reconstruct the tees so that more tee area at one elevation is available for use.

The practice putting green is appropriately located and is approximately 6,368 square feet in size. The shape and undulations of the green is good but a facility of this type would be better suited with a putting green that is 8,000 SF or larger.

Near the putting green is a very small make-shift chipping area. Another short game area with practice bunker is location across Hillandale Road beside the 9<sup>th</sup> hole. Both of these areas are generally inadequate for their intended purpose.

### **COURSE RESTROOMS**

There are no permanent restroom facilities on the golf course however there are temporary facilities in the form of "Port-O-Lets" that can be accessed after the third green and 16<sup>th</sup> green. There are rain shelters after the 5<sup>th</sup> green and on the 14<sup>th</sup> hole. The golf course returns to the clubhouse after the 9<sup>th</sup> hole where full restrooms facilities are provided. Permanent restroom facilities on the golf course would be very beneficial as a future improvement.

### **CLUBHOUSE AREA**

The clubhouse from a golf operation standpoint is conveniently located to the starting and finishing holes and the practice facilities. The clubhouse has an adequate parking area located nearby and a bag drop area.

### **SUMMARY**

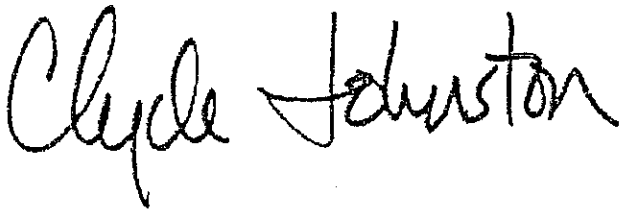
The Hillandale Golf Course is a good 18 hole golf facility. Provided the improvements are made and adequate money is spent on maintenance of the facility, it can be a quality golf course for the local community. The course layout can provide an enjoyable golf experience for almost all golfers. The layout and design is quite good and presents a fair challenge of golf.

The multiple crossings of Hillandale Road is a safety issue. Some of the possible solutions discussed have been 1) a tunnel crossing for golfers, carts and maintenance equipment under Hillandale Road; and 2) a reconstruction of holes 1 and 2 reversing the way they play so that golfers would play 5 holes on the clubhouse side of Hillandale Road, then cross over and finish the other 13 holes – this would reduce Hillandale Road crossings from four to two times.

One option would be to force all golfers to cross at the traffic signal at the intersection of Sprunt and Hillandale. The green for hole 9 could be moved south into the short game area and hole 18 could play to the present 9<sup>th</sup> green thus reducing the distance to the traffic light crossing. Then a short game area could be created using the present 18<sup>th</sup> green. This option may require a new cart/golfer/maintenance bridge over the creek to connect with the cart path at the range.

Design Review Report  
Hillandale Golf Course  
Durham, North Carolina

Another option would be to renumber the holes to play the five holes east of Hillandale first in this order: 1, 2, 10, 11, 12; cross Hillandale at the traffic light then play 13, 14, 15, 16, 17, 18, 3, 4, 5, 6, 7, 8, 9 or some other sequence then cross Hillandale at the traffic light to return to the clubhouse. A new bridge may be needed to connect to the path at the range.

A handwritten signature in black ink that reads "Clyde Johnston". The signature is written in a cursive, flowing style with a large initial "C".

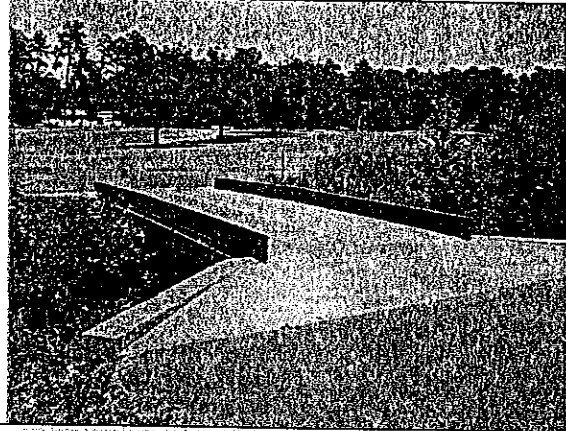
Clyde Johnston, ASGCA

Clyde Johnston is a Hilton Head Island, South Carolina based golf course architect. Johnston has 37 years of experience in golf course design and construction. He has worked on the designs for over 100 golf courses including both new courses and renovations of existing courses. After thirteen years of experience working under established golf course architects Willard Byrd, Gary Player and Ron Kirby, Johnston established his own design practice. Clyde Johnston Designs, Inc. was formed in March of 1987 to offer golf course design services primarily in the southeastern United States. Johnston is a member and past president of the American Society of Golf Course Architects. For more information, please visit the web site at [www.ClydeJohnston.com](http://www.ClydeJohnston.com).

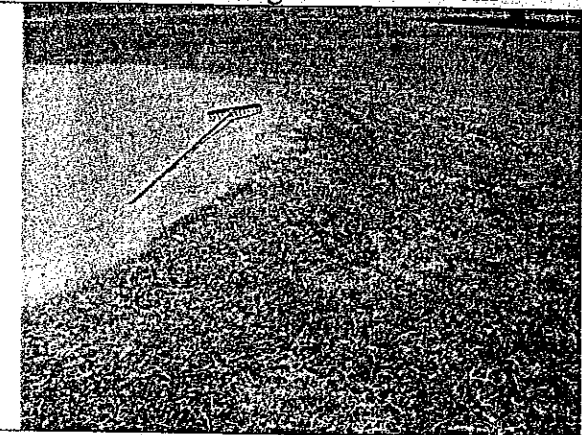
**Select Photographs of the course.**



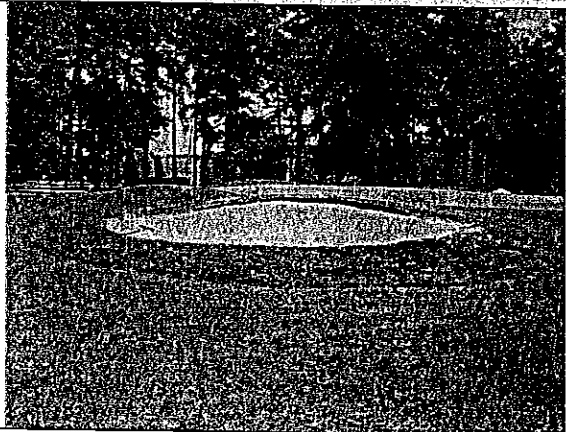
Practice Range Tee Conditions



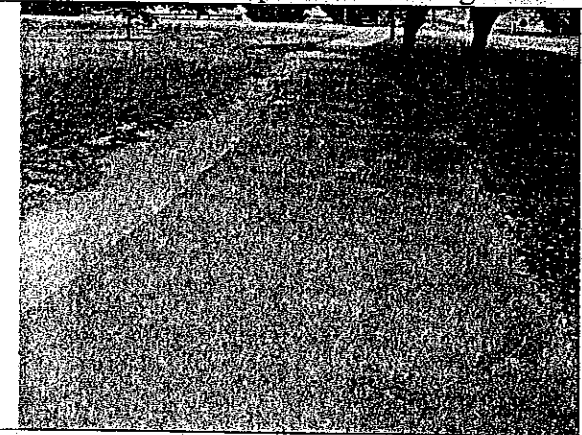
Bridge and Creek Weeds – Note the Wood Curbs



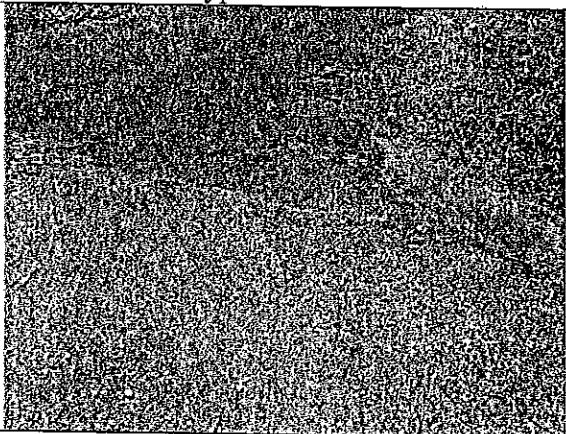
Sand Buildup on Bunker Edges



Typical Bunker



Asphalt Path & Shoulder Conditions at 3 Tee

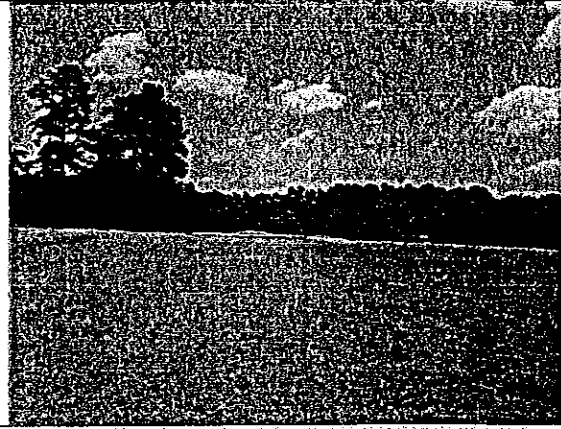


Old and New Asphalt

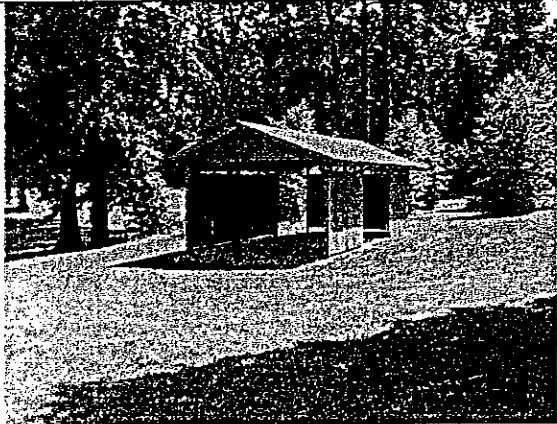
Design Review Report  
Hillandale Golf Course  
Durham, North Carolina



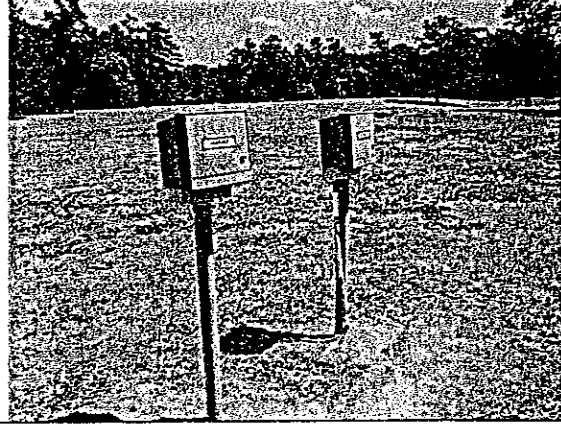
No. 1 Tee with Range Nets to Right



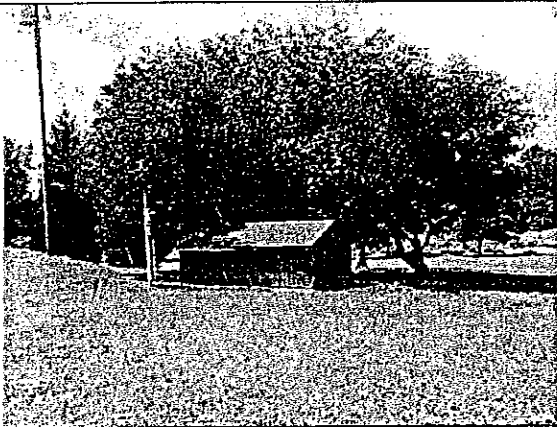
Typical Fairway



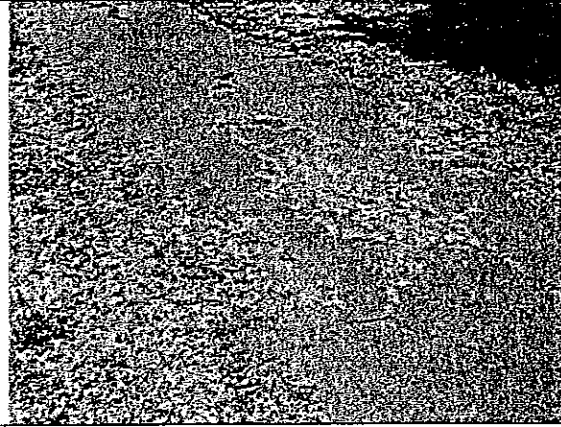
Rain Shelter on Hole 14



Irrigation System Satellite Controllers



Pump House Building



Asphalt Cart Path with Bermuda Encroachment

Design Review Report  
Hillandale Golf Course  
Durham, North Carolina

Preliminary Cost Estimate  
Hillandale Golf Club  
June 25, 2011

Immediate Repairs and Improvements

Item	Quantity	Unit	Unit Price	Subtotal	
Equipment Mobilization	1	Each	\$ 10,000.00	\$ 10,000.00	Construction equipment delivery to site.
Greens: Cut out Bermuda, patch in Bentgrass	15	Each	\$ -	\$ -	By Maintenance Staff - minor out-of-pocket costs. Use alternate green for nursery;
Green and Collar Fertilization - 5 Greens	25,793	SF	\$ 0.24	\$ 6,190.32	Fertilize to kill weeds, weed seeds and nematodes in greens.
Green Seeding - 5 Greens	24,555	SF	\$ 0.53	\$ 13,019.32	Penncross Bentgrass putting surfaces, seed, labor, prep work & sand costs
Green Collar Sodding - 5 Greens	3,750	SF	\$ 0.28	\$ 1,050.00	Sod 2-3 feet around greens where soil is disturbed & to form shape of green.
Bunker Elimination (fill in and grade smooth)	4,911	SF	\$ 0.53	\$ 2,602.83	Eliminate 7 bunkers.
Bunker Reconstruction	24,315	SF	\$ 3.75	\$ 91,181.25	Cleanout and remove old sand. Rebuild bunkers with new drainage and sand.
Root Prune Along Cart Paths	1	Estimate	\$ 5,000.00	\$ 5,000.00	By Maintenance Staff - root pruner rental
Cart Path Repair/Replacement	1	Estimate	\$ 20,000.00	\$ 20,000.00	Miscellaneous repairs of cracked/broken & root damaged paths.
Grass Sod for Bunker Reconstruction	90,000	SF	\$ 0.28	\$ 25,200.00	Sod for bunker edges, steep slopes, bunker fill-ins.
Tree Removal for Shade Reduction	1	Estimate	\$ 20,000.00	\$ 20,000.00	Range tee, 10 tee, misc. locations around course.
Design Fees & Construction Site Visits	8%	Percent	\$ 194,243.71	\$ 15,539.50	Design fees for golf architect and periodic construction site visits.
<b>TOTAL</b>				<b>\$ 209,783.21</b>	

Short Term Improvements - Year 3

Equipment Mobilization	1	Each	\$ 15,000.00	\$ 15,000.00	Construction equipment delivery to site.
Cart Path Resurfacing	62,892	SF	\$ 0.50	\$ 31,446.00	One inch overlay on existing older paths.
Cart Path Curbing & Shoulder Stabilization	10,000	LF	\$ 5.75	\$ 57,500.00	Concrete Curbing at tees and greens to control traffic. Do not use wood curbing.
Core out and rebuild greens - USGA Spec	95,370	SF	\$ 4.75	\$ 453,009.64	Modern construction method
Rebuild Range Tees to Maximize Tee Surface	55,600	SF	\$ 1.75	\$ 97,300.00	One level practice tee.
Laser Level Tees & Sprink Bermuda Grass	173,536	SF	\$ 0.26	\$ 45,119.36	Level existing tees. New Bermuda Grass.
Design Fees & Construction Site Visits	8%	Percent	\$ 699,375.00	\$ 55,950.00	Design fees for golf architect and periodic construction site visits.
<b>TOTAL</b>				<b>\$ 740,325.00</b>	

Long Term Improvements - Year 5

IRRIGATION SYSTEM	540	Heads	\$ 1,500.00	\$ 810,000.00	New automatic irrigation system with pumpstation. Source of water is unknown.
Design Fees & Construction Site Visits	8%	Percent	\$ 810,000.00	\$ 64,800.00	Design fees for golf architect and periodic construction site visits.
<b>TOTAL</b>				<b>\$ 874,800.00</b>	

TOTAL ALL ITEMS

\$ 1,824,908.21

Note: Quantities are estimated from Google Earth aerial images and must be verified by field surveys prior to design and construction.  
The prices for dealing with the Hillandale Road crossings have not been addressed in this cost estimate.